

CONSUMER ALERT

Providing consumers with knowledge to make informed decisions

A Publication of the South Carolina Department of Consumer Affairs

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Car Ads: The Truth in Advertising

Are you in the market for a new or used car?

If so, pay close attention to car advertisements. The good news is, many ads mean there is vigorous competition to keep prices low. And many dealers never use misleading advertisements. The bad news is that because of tough competition, some dealerships may be tempted to stretch the truth. Alternatively, some dealers may be tempted to use buzz words or catchy phrases that, while perhaps literally true, there are designed to convey a meaning different than the meaning they seem to have on first glance.

Attention!

Due to the overwhelming response to *Consumer Alert*, the latest newsletter published by the South Carolina Department of Consumer Affairs, the Department now offers a new service. We will e-mail you a bi-monthly copy of *Consumer Alert* fresh off the press! All you have to do is send us your e-mail address and we will add you to our list.

To request weekly online publications contact:

consumer_alert@dca.state.sc.us

The South Carolina Department of Consumer Affairs strives to protect, educate and represent consumers in a challenging and ever changing economy.

Below please find six important tips to help you read between the lines and know the truth in automobile advertising.

Consumer Tip No. 1: If the ad contains something that is hard to decipher, make sure you understand what it is before you buy. Comparison shop with several dealerships before you buy in any case.

On some radio ads, dealers deliver state or federally required disclosures in a monotone at the very first or last parts of an ad, seemingly disconnected from the remainder of the ad. This is because they want to at least meet minimal legal disclosure requirements, but do not really want to call attention to these terms. This should be a sign to you that you want to pay careful attention to those terms.

Consumer Tip No. 2: Make sure you have shopped other dealerships for the price on the same car before you sign a deal. Some dealerships genuinely set prices low enough that they adopt a "no dicker" policy, but you'll never know unless you compare.

Consumer Tip No. 3: Look out for car ads which may be literally true but suggest something more than the literal truth. For example, sales are generally "factory authorized" in the sense that the manufacturer has a

franchise agreement with the dealer to allow the dealer to sell that make. Manufacturers also sponsor various sorts of nationwide incentive programs. But it may be misleading to imply that the factory has a special relationship with the dealer or that the factory has specially authorized prices offered in a particular sale.

Consumer Tip No. 4: The next time a dealer claims to be selling you a car wholesale, ask whether it will be sold to you without a sales tax. Nothing prevents a dealer from selling a car at a price lower than the "blue book" suggested wholesale price, and it sometimes happens. True wholesale transactions have no sales tax, and sales to consumers always have sales taxes.

Consumer Tip No. 5: Trade-ins are one of the areas in which salespeople can confuse buyers with "funny money." The best way to deal with salespeople that try to obscure the real figures is to make sure you know: 1) the true wholesale value of your trade, and 2) the dealer's cost for the car you want to buy. Dealers' costs for new vehicles are often listed in publications such as CONSUMER

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Car Ads(continued)

REPORTS or MONEY. Bluebooks or NADA books of wholesale values are available in libraries or through your insurance agent or banker. That way you'll be working with the figures the salesman already knows.

Consumer Tip No. 6:

"Free" offers are suspect if they appear to offer anything more than hot dogs, sodas, balloons or the like, particularly if you have to buy anything to get what is supposedly free. Vacation packages may be particularly troublesome because the dealer may have contracted with promotional company that does not disclose that the "vacation" may omit accommodations or return tickets, or may require the consumer to sit through a time sharing sales pitch. Dealers may violate federal guidelines by advertising goods or services as free in situations where the overall product is typically subject to negotiation (such as motor vehicle sales).

**CONSUMER
EDUCATION:****Shopping by Phone or Mail
True or False**

- 1.) **T or F** Is shopping by phone or mail a safe and convenient alternative to shopping at a store?
- 2.) **T or F** There is no time limit as to how long a company has before mailing your ordered merchandise.
- 3.) **T or F** A consumer has the right to dispute a charge because the good or service was unsatisfactory.
- 4.) **T or F** A consumer may dispute a charge and withhold payment.
- 5.) **T or F** A consumer can attempt to

resolve a problem with a particular company by himself/herself.

Answers:

- 1.) T, 2.) F, 3.) T, 4.) T, 5.) T

1.) **True-** Shopping by phone or mail is a convenient alternative to shopping at a store. The Federal Trade Commission's Mail or Telephone Order Rule covers merchandise you order by mail, telephone, computer, and fax machine.

2.) **False-** By law, a company should ship your order within the time stated in its ads. If no time is promised, the company should ship your order within 30 days after receiving it.

3.) **True-** You may dispute charges for unsatisfactory goods or services if you have made the purchase in your home state or within 100 miles of your current billing address and the charge is more than \$50.

4.) **True-** If you find an error on your credit or charge card statement, you may dispute the charge and withhold payment on the disputed amount while the charge is in dispute. The error might be a charge for the wrong amount, for something you did not accept, or for an item that was not delivered as agreed. Of course, you still must pay any part of the bill that is not in dispute, including finance charges on the disputed amount.

5.) **True-** If you have problems with mail or phone order purchases, you can try to resolve your dispute with the company. If that does not work, you may wish to refer state consumer protection offices like the South Carolina Department of Consumer Affairs.

To request free brochure titled "Shopping by Phone or Mail" or to arrange for a speaker please contact:
Sherry King

S.C. Department of Consumer Affairs
3600 Forest Drive, P.O. Box 5757
Columbia, SC 29250
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**Consumer education
should start now!**

S.C. Department of Consumer Affairs 3600 Forest Drive, Suite 300/P.O. Box 5757 Columbia, SC 29250 (803)734-4190 or 1-800-922-1594

View Consumer Alert online @ www.state.sc.us/consumer

**All information in this newsletter may be copied and distributed.*

Fast Facts:**How to Write a Wrong**

* The FTC Mail or Telephone Order Rule covers goods ordered by mail, telephone, computer, and fax machine.

* The FTC Cooling-Off Rule gives you three days to cancel purchases of \$25 or more that are made in your home or at a location that is not the permanent place of business or local address of the seller.

* If you receive an item in the mail you did not order, federal law states you can consider the item as a gift.

* If you have a problem with a company, try to resolve it with the company before contacting a third party. Make sure you act quickly. Some companies may not accept responsibility if you fail to complain within a certain period of time.

* Send the company a letter of complaint. A letter puts your complaint on record and lets the company know you are serious about the dispute.

Auto Safety Hotline

1-800-424-9393

Call this number to report safety-related defects or to request information on child safety seats, drunk driving, importing a motor vehicle, new car crash test scores, recalls, safety belts and air bags, and tire quality.

Source: U.S. Dept of Transportation and National Highway Traffic Safety Administration

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